

Transforming Consumer Financing

CHALLENGES AND OPPORTUNITIES IN THE LENDING AND
LEASING MARKET

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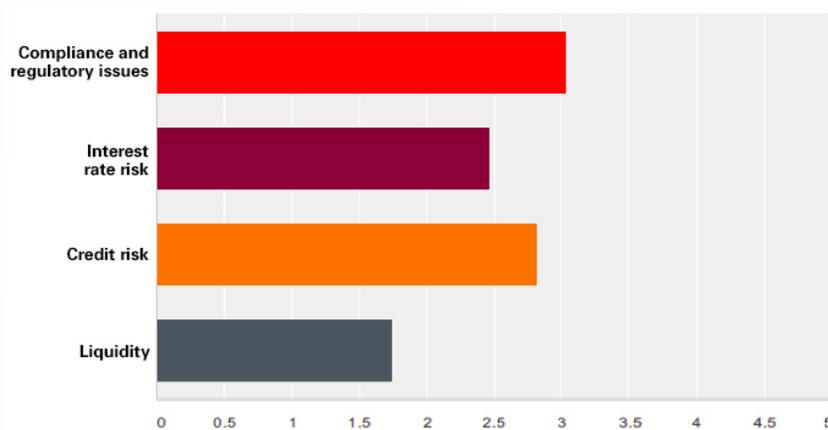
INTRODUCTION

Building and maintaining competitive advantage in the lending and leasing market has never been tougher. As the industry becomes increasingly complex and competitive, financial institutions must diagnose their own IT infrastructure and systems. Why? To determine ways in which they can improve business efficiency, drive growth and enhance dealer relationships, while enabling a seamless customer experience. For many, the answer lies in a technology solution with end-to-end capabilities and a flexible, scalable architecture to safeguard investment – from loan origination to servicing and collection processes to traditional screening, credit scoring, underwriting and loan processing.

To further examine the lending industry landscape and the associated challenges and opportunities, Oracle partnered with Cognito to conduct a survey amongst key members within the lending and leasing space. The survey was performed through LinkedIn, by engaging directly with relevant community groups and their members through group postings and direct message outreach. Participants hailed from banking institutions, credit unions and automobile dealers, amongst other financial institutions. Within the survey, 70% of the participants qualified themselves as being directly responsible for managing their consumer finance operations in some capacity.

LANDSCAPE- CHALLENGES AND OPPORTUNITIES

Regulatory compliance is undoubtedly the most challenging issue for the leasing and lending community. With regulatory uncertainty as a result of Dodd-Frank, the lending institutions have prioritized compliance requirements as they examine the IT resources they have in place to meet these regulations. Other issues such as credit risk, interest rate risk and, to a lesser degree, liquidity risk, have fallen down the priority list.



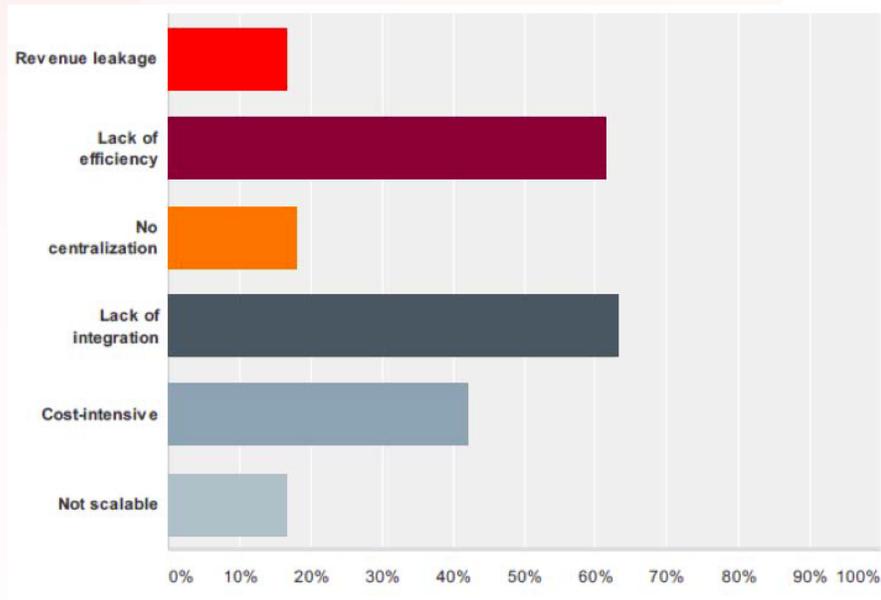
With regards to consumer finance in particular, the biggest challenge respondents identified was growing the portfolio and attracting new customers, with regulatory compliance emerging as a secondary concern. Other issues, such as identifying new products to bring to market and retaining clients, are clearly considerations of a lesser priority.

The automobile financing industry in particular is witnessing a turnaround with a significant influence of IT. The question of whether auto leasing is an area of opportunity and growth is hotly debated. Through the survey, we saw that half of the respondents considered auto leasing not to be an area of growth for their firm whereas one-fifth of the audience considered it to be a top area of growth. All these business drivers are increasingly putting the auto lenders under tremendous pressure to transform business to meet market demands.

THE TRANSFORMATIVE POWER OF TECHNOLOGY

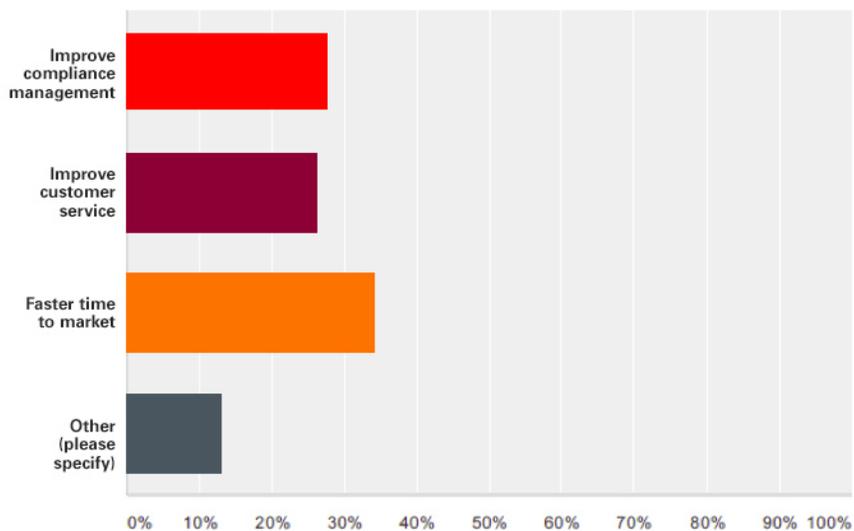
Unsurprisingly, our survey showed that respondents were in unequivocal agreement that technology has the ability to *transform the consumer financing process*. A significant percentage of respondents do not have the technology needed to streamline the consumer financing process, from origination to servicing through collections. Out of those who do possess the technology, they have already identified weaknesses in their

systems, such as a lack of efficiency and integration along with high costs, revenue leakage and lack of centralization and scalability. With the economy recovering and loan balances beginning to climb steadily to pre-recession heights, the consumer credit community must be poised for growth with simplified operations, personalized products and services at customer level. This can only be achieved through IT innovation that is purpose-built to improve portfolio and financial performance.

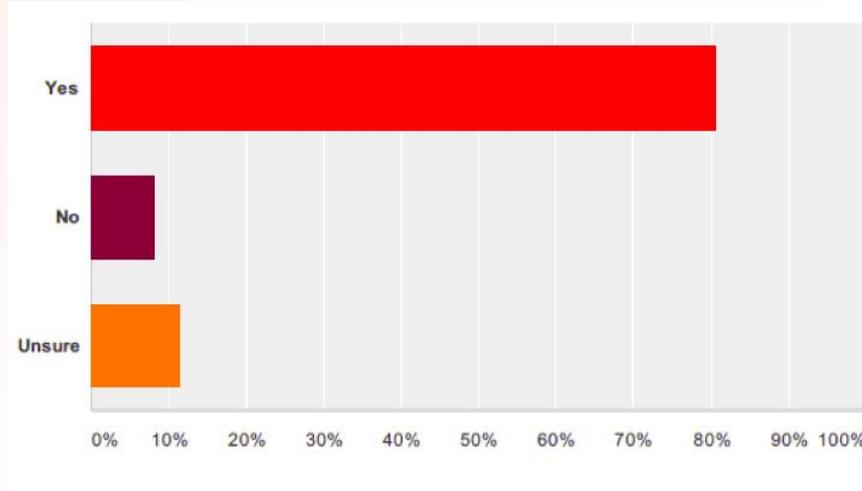


DRIVING INNOVATION

When it comes to defining innovation for the industry, the majority of respondents consider ‘faster time to market’ as the primary motivation for transforming their lending system. Other effective drivers include improving compliance management (27%) and customer service (26%).



Overall, the industry is aligned when it comes to the benefits of an integrated transformed lending system, with 4 out of 5 respondents agreeing that such technology would significantly help improve efficiencies and grow their customer base.



HOW CAN ORACLE HELP YOU

The challenges facing the lending and leasing industry today continue to proliferate and the breadth and proficiency of IT solutions are becoming more advanced. As a result, adopting a progressive and comprehensive solution for lending and leasing operations is of utmost importance. In an increasingly competitive environment, lenders need greater emphasis on the efficiency of their operations. How? Through a robust, configurable and unified solution that manages processes from a single source across the complete lending cycle, allowing companies to harness and deliver accurate, actionable information. From lowering the average cost per loan to consolidating an analytical view of information, an end-to-end solution is critical to the scalability, security and flexibility of your lending and leasing business.

Oracle Financial Services Lending and Leasing delivers a comprehensive solution from origination through servicing to collections and wholesale floor planning, helping you boost market share, customer satisfaction, reporting and profitability. Oracle can help you:

- » **Reduce time to market for new products to increase market share and improve dealer relationships**
- » **Provide real-time insight into accurate information on every dealer and customer**
- » **Increase profitability with better-informed decisions and lower delinquency rates**
- » **Enhance customer experience with streamlined processes and multichannel self service**
- » **Achieve greater productivity with unified data, integrated processes, and flexible workflows**
- » **Deliver cloud or on premise deployment options**

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